



Capital Planning Committee

Capital Plan for FY2022 (July 1, 2021 – June 30, 2022) 5-Year Plan for FY2022 – FY2026

Date: Thursday, October 15, 2020

Time: 5:00pm-7:00pm

Location: Zoom Meeting

Minutes

Attendance: Joseph Barr,
Ida Cody,
Kate Leary,
Kate Loosian,
Phyllis Marshall,
Michael Mason,
Chris Moore,
Angela Olszewski,
Sandy Pooler,
Jon Wallach,
Julie Wayman, Management Analyst
Timur Kaya Yontar,
Michael Rademacher, Director of Public Works,
Joshua Sydney, Project Manager,
John Maher, Permanent Town Building Committee,
Allen Reedy, Permanent Town Building Committee,
Jeff Alberti, Weston and Sampson,
David Steeves, Weston and Sampson.

Not in attendance: None.

Meeting Opened: Mr. Yontar called the meeting to order at 5:02pm. The minutes of the meeting of October 1, 2020 were reviewed and unanimously approved (moved by Ms. Marshall, seconded by Ms. Olszewski).

Department of Public Work Yard: Mr. Yontar introduced the topic of the Department of Public Works (DPW) Yard, and Mr. Barr provided a quick review of the history of the project, as well as recent developments that are summarized below in the design team

presentation. As a result of these factors, the overall cost of the project has increased by approximately \$8,900,000, and it also does not appear likely that the Water and Sewer Enterprise fund will need to contribute significant additional funds to the project, so the increase in cost would need to be borne by the Capital Plan.

After this introduction, Mr. Barr turned the discussion over to Mr. Rademacher, who introduced the design team working on the project: Mr. Sydney, who is the Town's Project Manager, and Mr. Alberti and Mr. Steeves from Weston and Sampson, the consultants who are leading the design of the facility. Mr. Yontar also introduced Mr. Maher and Mr. Reedy from the Permanent Town Building Committee (PTBC), which provides overall oversight over this project.

Mr. Alberti then went through a presentation on the history and current status of the DPW Yard project, including the original genesis of the project, how the scope of the project has changed over several years, and where the project stands currently. Key points from the presentation included:

- The cost of the project has grown from approximately \$30 million to close to \$39 million, leading to the request for an additional \$8.9 million in capital funds.
- Design of the project was delayed due to necessary and productive collaboration with the Arlington High School (AHS) project related to site layout and access. These delays led to increases in costs due to cost escalation during the time when the project was on hold.
- The project has transitioned from a traditional design-bid-build project delivery approach to a Construction Manager at Risk (CM@R) approach, which the Town has used successfully on other complex construction projects. This approach leads to an increase in the cost estimate but provides greater certainty on the maximum cost and transfers risk from the Town to the construction manager.
- The Facilities and Information Technology (IT) department will now be housed in the DPW facility, which will be a significantly less costly location than keeping them in the AHS building (which would also have significantly complicated the Massachusetts School Building Authority funding for that project).
- In reviewing the increased scope and cost, the design team did look at two lesser cost options: a Mid-Level Scope that would meet basic programmatic requirements but defer some improvements to existing buildings, and a Threshold Scope that would defer improvements to existing buildings other than code compliance and emergency repairs. Neither of these options was considered truly feasible, and would likely lead to higher costs (both capital and operating) in the future.
- In comparing to other similar DPW projects in the area, the estimated cost increases (particularly recent pre-COVID-19 escalation) were found to be consistent with recent bid price increases, and the cost of this project remains significantly below average due mostly to the adaptive reuse of existing buildings.
- The additional contingencies that have been added to the project will be returned to the Town (not kept by the construction manager) if the actual construction prices are below the Guaranteed Maximum Price (GMP).
- The summary of the cost increases indicated that the additional \$8.9 million can be assigned into the following categories:

- Cost escalation (past and future estimate): \$4.7 million
- CM@R project delivery (including increased contingency for GMP): \$2.7M
- Scope changes: \$1.5M

Following the presentation, the representatives from PTBC said that they are hopeful that the actual price will be less than the GMP and funds can be returned. They also noted that PTBC had asked the design team many questions and felt that the changes in scope and budget were explained and justified, and PTBC voted unanimously to support the project and recommend that the Committee take favorable action on the project.

Committee members had a number of questions for the design team and other representatives, who shared the following information:

- Mr. Alberti provided a brief review of the CM@R process, including how this protects the Town from certain aspects of future risks and provides an integrated process for project development. In a way, the GMP acts as an insurance policy against future price increases.
- Mr. Pooler said that the savings from moving IT and Facilities is reflected in the cost of the AHS project, as part of a larger discussion about the costs of that project.
- Mr. Alberti clarified that the GMP contingency is partly to cover the construction manager's risk on errors and omissions and partly a design contingency based on the design not yet being complete. They have to receive permission to spend any of that contingency, and unspent amounts are returned to the Town in increments along the way.
- The design team said that the extent of hazardous contamination on the site is still not fully known (although there have been many test pits done), but part of the contingency is based on the possibility that soil disposal is more expensive than expected.
- Mr. Alberti confirmed that the \$420,000 in cost savings that were identified this fall went into the owner's contingency on the recommendation of the PRBC. He also clarified that we would have experienced the 2019 "market spike" (leading to \$2.2 million of the increase) regardless of any other factors, since the project would still have been in construction at that point.
- Mr. Sydney said that the construction duration is 24 months, starting next spring and expected to end in March of 2023. The current cost estimate includes escalation during the construction period.

Following the presentation and Q&A, the Committee discussed a number of key points:

- Mr. Pooler notes that the Town Manager has seen these presentations and has been involved in extensive discussions about this project. He sees it as an important project that he wants to see move forward.
- Mr. Yontar said that he does not want to have to go back to add more money after this point, so this should be the final cost increase that is considered.
- Mr. Barr said that although this is a very significant increase, there do not appear to be great alternatives that do not seriously compromise the project's viability. It is also challenging because this decision is happening prior to full development of the Capital Plan, but will then impact what we can fund in that plan.

- Mr. Pooler said that the pause in project development was necessary during the process of reducing the cost of the AHS project to a reasonable level. Ms. Loosian also said that the coordination between the two projects was a significant element of providing safe access to AHS and that it was clear that more coordination had to occur, which then delayed the DPW project.
- Committee members noted that this cost increase is roughly comparable to the cost of either of the library projects that are in the out years of the plan, and that the yearly borrowing required is similar to the total cost of a playground project, indicating that this additional cost will have a noticeable effect on what the plan can fund.
- Ms. Marshall said that she doesn't think it's a good idea to underfund the project now and wind up needing to make even more expensive investment in the future.
- The Committee discussed the ability to use Water and Sewer Enterprise Fund money to fund a portion of the cost increase. However, because some of the increase is related to other departments and because the overall percentage of the project that is devoted to Water/Sewer activities is lower than originally calculated, it does not appear that there will be a significant increase in the participation from the Water and Sewer Enterprise Fund.
- Mr. Pooler said that next step is a similar presentation to the Finance Committee, but that the report to Town Meeting will come from this Committee.

Mr. Barr made a motion to recommend an additional allocation of \$8,900,000 in capital funding for the DPW project, which was seconded by Ms. Leary and unanimously approved.

Arlington Fire Department: Mr. Moore provided an overview of the requests from the Arlington Fire Department (AFD), with assistance from Mr. Yontar. The following items were discussed:

- AFD submitted an additional request for \$30,000 in FY22 to replace the marble on the front of the Highland Avenue fire station, which has been damaged by fire trucks backing into the building. Mr. Barr asked whether any measures are being taken to protect the new marble and keep this from occurring again, and the Subcommittee said they would try to obtain more information before this item is voted on.
- Item #2-Automatic External Defibrillators: Mr. Moore indicated that in addition to the normal replacement of five units, they may be able to get a sixth unit at no additional cost. Mr. Barr asked if there were plans to do a joint purchase with the Police Department (as discussed during the review of their requests) and Mr. Moore said that they are looking into that. Ms. Cody asked about the use of Ambulance Fund money for this purchase and Mr. Pooler said that this is possible, if the unit is going on an ambulance.
- Item #7-Records and Reporting System: Ms. Cody asked whether this is fully capital eligible given elements such as cloud hosting. Mr. Pooler noted that this is a reflection of the changing nature of IT projects, which are moving to subscriptions that may be harder to justify as capital, and that the Committee will need to decide how to handle these types of requests. Mr. Moore said that it would be helpful to have a breakdown of the cost of these types of projects, so it is more feasible to

determine what is capital eligible and what is not. The Subcommittee indicated that they would get additional details to share with the full Committee.

- Item #14-Replace Vehicles #1015 and #1016: Mr. Moore clarified that this item is a consolidation of two separate \$70K items, one in FY22 and the other in FY24. By consolidating the function of both vehicles into a single vehicle, the overall cost was reduced by \$20K.

The remainder of the items were presented without significant discussion.

Mr. Moore made a motion to recommend preliminary approval of all the requests, including the proposed sweeps, with the exception of the marble at the Highland Avenue fire house and Records and Reporting System, pending receipt of additional information. Mr. Pooler seconded the motion, which was unanimously approved.

Finance: Based on time, the Committee deferred consideration of Finance requests until the next meeting.

Upcoming Meetings: Mr. Yontar provided a summary of the upcoming Committee meetings and the Subcommittee reports that are expected to be presented at each. He also mentioned that there is no update on the Arlington Police Department requests that the Committee had asked for updates about during the previous meeting, so these will be provided at a subsequent meeting.

Meeting Adjournment: The meeting adjourned unanimously at 7:10pm (moved by Mr. Moore, second by Ms. Marshall).